



Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at <http://about.jstor.org/participate-jstor/individuals/early-journal-content>.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact support@jstor.org.

and the second that the increasing importation of foodstuffs into Switzerland must be met by an increased exportation of manufactured goods. In discussing the latter thesis Dr. Mori reveals rather confused ideas regarding the relationship between the consumption of food-stuffs by laborers and the amount of values which these laborers with the aid of power and machinery may create. He thinks that the theory leads to a vicious circle, which undoubtedly is not the case.

The work concludes with a number of suggestions as to the establishment of sample rooms, information bureaus, as to the reorganization of the consular service, etc.

S. LITMAN

STOWELL, E. C. *Consular cases and opinions*. (Washington: Byrne. 1916. Pp. 847. \$5.)

VOSE, E. N. *The world's markets, from the point of view of American exporters*. (New York: Business Training Corporation. 1916. Pp. 190.)

WATKINS, E. *Shippers and carriers of interstate and intrastate freight*. (Atlanta: Harrison Co. 1916. Pp. cxv, 1057. \$7.50.)

Les zones franches et l'exportation française, documents et arguments réunis par la Chambre de Commerce de Marseille. (Paris: Alcan. 1916. 3.50 fr.)

Accounting, Business Methods, Investments, and the Exchanges

Principles of Auditing. JOHN RAYMOND WILDMAN. (Brooklyn: The William G. Hewitt Press. 1916. Pp. 196. \$2.00.)

Since the publication of Professor Montgomery's *Auditing*, the announcement of a new book on auditing has seemed, at first thought, almost a presumption. Why burden the printing presses, the book stores, and the libraries, with another form of the same thing? for the standard already set is so high that the chance of improvement as a whole has seemed hardly worth the cost. Such queries are inevitable at the sight of the title of Professor Wildman's book. The answer to those queries comes on reading the book. The title seems a misnomer, for the book does not attempt to do what some readers, at least, expect in a book bearing such a title. Professor Wildman has himself recently, in an address before the Eastern Commercial Teachers' Association, attempted to define "science," "art," and "technique" as applied to accounting. Even under Professor Wildman's own definitions—and the case would not be altered if one attempted

no such fine-drawn definitions—a more appropriate title for the book would seem to be “The Technique of Auditing.” Most of the chapter headings suggest processes rather than principles, as What to do before beginning an audit, Counting the cash, The mechanical work, How to end an audit. Again and again a discussion of principles of accounting is waived as out of place. For example: On page 134, the author says “there are so many conflicting theories regarding good-will that it does not seem wise to lay down any rule for same”; on page 145, regarding the establishment of sinking funds from income or from capital, we read that “it is not thought necessary here to discuss the relative advantages and disadvantages of the two methods,” and only slight implication is given that the difference, which is fundamental and perhaps as important as anything with which an auditor has to deal, is anything more than one of bookkeeping method; and on page 112, after the reader is left a little in doubt whether the author favors inventory at cost, or lower when the market is lower, recommendation is made that in case of desire either to write down or to write up inventories adjustment may be made by a credit to a reserve; in the first case with a debit to profit and loss and in the second with a debit to inventories, but no suggestion is made that these two credits to a reserve are fundamentally different, one representing a hole in the assets and the other showing a supposed profit. It would be very unfortunate if, in a book actually discussing the principles of auditing, both the auditing principle of refusing to count chickens before they are hatched, and the accounting (and therefore auditing) necessity of distinguishing holes in assets from accumulated gains, were passed over in order to make room for the mere bookkeeping entries. In view of the fact that the arguments for or against any accounting theory are often based on its effect when applied to the income sheet and the balance sheet, a decision between opposing theories or a statement of the arguments seems fundamental in a discussion of the principles of auditing. Curiously, then, the accusation of filling no need, that would lie against the book if it were true to title (or to the reviewer’s interpretation of title), it escapes because it does not attempt in fact to discuss matters of principle.

The foreword suggests the scope of the book. It tells the experiences of a young man who was threatened with failure as an

auditor because he had had no opportunity to learn customary details of technique. From that point to the end of the book detailed suggestions, usually concrete, clear, wise, for procedure, for forms, for records, follow each other in a more or less logical order—a chronological order is sometimes more and sometimes less logical than others. One wonders at the suggestion that the footing of the disbursements be left (p. 92) to the cash-book clerk whose work is under audit: this looks like advising the auditor to allow the cashier to audit himself. A few such items need more elucidation than the context suggests.

Usually, though sometimes the contrary is true, the suggestions are so detailed that the basic assumption seems to be that the reader knows but little about bookkeeping, which is both wise and dangerous: wise because it gives the book large technical completeness, but dangerous because it may create the supposition that any one who will follow the directions given can properly audit accounts. Few indeed are accounting tasks that can be carried to completion properly by rules of thumb, and fewer are those of audit. The important fact to realize about the book is that not only its emphasis but its bulk is devoted to those things which are largely matters of routine. This is well illustrated by the treatment of methods of auditing receipts. Much attention is devoted to describing processes of checking indirect records of receipt and of liability against the corresponding direct records; but few hints are given of the great difficulty of discovering the fact when neither direct nor indirect record was ever made and when the indirect record has been sequestered. Yet this is one of the important tasks of an auditor, though sometimes impossible of actual performance because of inadequate internal checks. When one realizes the difficulties of auditing receipts adequately, and the need usually of going beyond routine procedure, the routine matters discussed in this book are important, time-saving, and helpful in many ways.

Akin to the apparent neglect of the difficulty of auditing receipts adequately is the discussion of the form of auditors' certificate. Positive assurance of the correctness not only of the balance sheet but of the income sheet and of the profit and loss account appears (p. 175) to be required of the auditor, on the ground that to give less than this is to shirk responsibility.

Such assurance is without doubt desirable, but, except when auditors have evidence of internal check much more nearly adequate than most of them can now obtain in their engagements, it not only is more than they can take responsibility for giving but is likely to give false security to clients. The creative work of recommending adequate internal check for use between audits is not dwelt upon in the book, possibly because it is not a matter of auditing routine or technique.

Both for what Professor Wildman's book attempts to do, therefore, and for the way it does its work, it is well worth while. With the qualification that it should be accompanied by discussion of other, and even more important, aspects of auditing, it is to be recommended highly for use wherever auditing is to be studied. No discussion of auditing is complete without the sort of things that this book gives, and many things are not available, so far as the reviewer knows, anywhere else in book form.

WILLIAM MORSE COLE.

Harvard University.

Value for Rate-Making. By HENRY FLOY. (New York: McGraw-Hill Book Company. 1916. Pp. viii, 322. \$4.)

The purpose of the author is very frankly stated in the preface. His object is to prove that "the basis for rate-making should be the fair present value of the property used, regardless of the amount of the original investment in utilities established previous to the present public regulation régime"; that in this fair present value should be included not only the present value of the tangible property but the full value of all intangible property; and, lastly, that from the cost new should be deducted, as depreciation, only the "absolute" depreciation "which is in evidence, existing and determined by inspection." Deductions from the cost new for losses in value arising from obsolescence and inadequacy should not be made in rate cases, as figures representing such losses can be obtained only on "assumptions and computations."

Mr. Floy's work can best be characterized as a voluminous brief made not by a lawyer but by an engineer to substantiate the above claims and to support them by excerpts from many decisions of courts and commissions.

The volume might be of some assistance to a lawyer engaged